Oh Beng Hai & Anor v Dickson Wong (M) Sdn Bhd & Anor

COURT OF APPEAL (KUALA LUMPUR) — CIVIL APPEAL NO P–02–455 OF 1998

MOKHTAR SIDIN, HAIDAR AND ABDUL KADIR SULAIMAN JJCA

15 MARCH 2001

Civil Procedure *— Appeal — Interference by appellate court — Judicial discretion — Appellate court will not normally interfere with judicial discretion — Whether trial judge had given weight to irrelevant matters — Whether judge had given no weight to relevant considerations — Whether there was fundamental misdirection by trial judge*

Trade Marks *— Trade description — Trade description order — Application for — False trade description — Trade mark infringement — Elements of offence — Whether item bearing resembling trade mark was for industrial or domestic use — Trade Descriptions Act 1972 s 16*

The appellants were the registered proprietors of trade mark M/34543 in relation to 'Flying Horse' in respect of sewing machine (P1) for domestic use under the Trade Descriptions Act 1972 ('the Act'). Pegasus Sewing Machine Manufacturing Co Ltd of Japan was the registered proprietor of trade mark M/8371 8 in relation to the 'Flying Horse' in respect of sewing machine (D2) for industrial use under the Act. The first respondent was the importer of D2 which were marketed by the second respondent. The appellant filed a motion for a declaration under s 16 of the Act that the use of the mark 'Flying Horse' in relation to sewing machines not produced or sold by the appellants was a false trade description within the provisions of the Act. The issue before the court was whether D2 was for industrial or domestic use. If it is shown by the respondent that D2 was for industrial use, then there would not be an infringement. The appellant called PW1, a senior assistant director of customs. The respondent called DW1, the managing director of Pegasus Sewing Machine Pte Ltd of Singapore and a director of Pegasus Sewing Machine Manufacturing Co Ltd of Japan. The trial judge preferred the evidence of DW1 and found that D2 was for industrial use. The appellant appealed. It was submitted that there was overwhelming evidence through the catalogue and the instructions (exh P5 and P6) belonging to DW1's company that D2 which was imported into Malaysia was designed and manufactured for household use only or for home sewing.

Held, allowing the appeal:

(1) The trial judge had misdirected himself in that he did not at all consider or give sufficient consideration to the effect of P5 and P6 on the weight to be given to the evidence of DW1 who was an interested witness. In fact P5 and P6 destroyed the respondent's case (see p 320D).

(2) The trial judge had misdirected himself in that he did not give sufficient weight to the evidence of PW1 except to say that it was not supported when in fact PW1's evidence was not challenged at all by the respondents except to get confirmation on the declaration form that D2 was declared for industrial use (see p 320E).

(3) The trial judge's finding that the use of the 'PEGASUS' with the 'Flying Horse' devise mark would cause no confusion and there would be no infringement was unsustainable as it was agreed between the parties that the common issue was whether D2 was for domestic or industrial use in order to determine whether there was an infringement by the respondents of the mark 'Flying Horse' (see p 320E–F).

(4) It is trite law that an appellate court will not readily interfere with the findings of fact arrived at the trial court. However, the appellate court has a duty to intervene where a trial court has so fundamentally misdirected itself. In the present case, the documentary evidence itself went against the oral evidence of the respondent's witness and therefore it was impossible to support the conclusion reached by the trial judge (see p 320G–H).

[**Bahasa Malaysia summary**

Perayu-perayu merupakan pemilik berdaftar tanda niaga M/34543 berkenaan dengan 'Kuda Terbang' bagi mesin jahit (P1) untuk kegunaan rumahtangga di bawah Akta Perihal Dagangan 1972 ('Akta tersebut'). Pegasus Sewing Machine Manufacturing Co Ltd, Jepun, adalah pemilik berdaftar tanda niaga M/8371 8 berkenaan 'Kuda Terbang' bagi mesin jahit (D2) untuk kegunaan perindustrian di bawah Akta tersebut. Responden pertama adalah pengimpot D2 yang dipasarkan oleh responden kedua. Perayu memfailkan satu usul untuk satu deklarasi di bawah s 16 Akta tersebut agar penggunaan tanda 'Kuda Terbang' tersebut berkenaan mesin jahit yang tidak dikeluarkan atau dijual oleh perayu-perayu dianggap sebagai perihal dagangan palsu di bawah peruntukan-peruntukan Akta tersebut. Perkara di hadapan mahkamah adalah sama ada D2 adalah bagi kegunaan perindustrian atau rumahtangga. Jika ia dibuktikan oleh responden bahawa D2 adalah untuk kegunaan perindustrian, tidak akan terdapatnya pelanggaran hak. Perayu memanggil SP1, pengarah kanan kastam. Responden memanggil SD1, pengarah urusan Pegasus Sewing Machine Pte Ltd, Singapura, dan seorang pengarah Pegasus Sewing Machine Manufacturing Co Ltd, Jepun. Hakim perbicaraan memilih keterangan SD1 dan mendapati bahawa D2 adalah untuk kegunaan perindustrian. Perayu tersebut merayu. Ia dihujahkan bahawa terdapat banyak keterangan melalui katalog dan arahan-arahan (eks P5 dan P6) kepunyaan syarikat DW1 bahawa D2 yang diimpot ke Malaysia telah direka dan dikeluarkan untuk kegunaan rumahtangga sahaja atau untuk aktiviti jahitan di rumah.

Diputuskan, membenarkan rayuan tersebut:

(1) Hakim perbicaraan tersebut telah khilaf kerana tidak mempertimbangkan langsung atau memberi pertimbangan yang mencukupi ke atas kesan P5 dan P6 terhadap pertimbangan yang harus diberikan kepada keterangan SD1 yang merupakan seorang saksi berkepentingan. Hakikatnya, P5 dan P6 telah memusnahkan kes responden (lihat ms 320D).

(2) Hakim perbicaraan tersebut telah khilaf kerana tidak memberikan pertimbangan yang mencukupi kepada keterangan SP1 kecuali dengan menyatakan bahawa ia tidak disokong, padahal keterangan SP1 tidak dicabar oleh responden-responden langsung kecuali untuk mendapatkan pengesahan atas borang deklarasi bahawa D2 dideklarasikan sebagai bagi kegunaan perindustrian (lihat ms 320E).

(3) Keputusan hakim perbicaraan tersebut bahawa kegunaan perkataan 'PEGASUS' bersama tanda niaga 'Kuda Terbang' tidak akan mengakibatkan kekeliruan tidak boleh disokong kerana ia dipersetujui di antara pihak bahawa isu bersama adalah sama ada D2 adalah untuk kegunaan rumahtangga atau perindustrian untuk memastikan sama ada terdapatnya pelanggaran oleh responden-responden terhadap tanda 'Kuda Terbang' (lihat ms 320E–F).

(4) Ia jelas bahawa sebuah mahkamah rayuan tidak akan campurtangan dalam keputusan fakta yang dicapai di mahkamah bicara. Walau bagaimanapun, mahkamah rayuan mempunyai tanggungjawab untuk campurtangan di mana sebuah mahkamah bicara telah kilaf secara begitu asasi. Dalam kes ini, keterangan dokumentari sendiri telah bercanggah dengan keterangan lisan saksi responden dan oleh itu ia mustahil untuk menyokong keputusan yang dicapai oleh hakim tersebut (lihat ms 320G–H).]

Notes

For cases on trade description generally, see 12 *Mallal's Digest* (4th Ed, 2000 Reissue) paras 1694–1714.

For cases on interference by appellate court, see 2(1) *Mallal's Digest* (4th Ed, 1998 Reissue) paras 640–648.

Cases referred to

Kim Guan & Co Sdn Bhd v Yong Nyee Fan & Sons Sdn Bhd [1983] 2 MLJ 8 (refd)

Sivalingam a/l Periasamy v Periasamy & Anor [1995] 3 MLJ 395 (refd)

Legislation referred to

Trade Description Act 1972 s 16

Appeal from: Originating Motion No 25–68 of 1997(MT-3) (High Court, Pulau Pinang)

Gerald Samuel (*Charles Siaw* and *Tay Eng Siang* with him) (*Beng–Yeam Associates*) for the appellant.

Simon Tan Hon Jin (*KF Yeow* with him) (*Peter Huang & Richard*) for the respondent.

Haidar JCA. (delivering judgment of the court): The appellants, as the applicants in the court below, filed a motion ex parte for a declaration under s 16 of the Trade Description Act 1972 ('the Act') that the use of the mark 'Flying Horse' in relation to sewing machines not produced or sold by the appellants is a false trade description within the provisions of the Act.

The learned judge directed the motion to be heard inter partes and ordered the appellants to serve the ex parte motion on the infringer.

On the date of the hearing of the motion inter partes, by consent both respondents were made parties and both parties agreed that there was only one issue for determination by the court — whether the sewing machines in dispute were for domestic or industrial use. It was further agreed by the parties that the issue be tried not by way of affidavits but by oral evidence.

For the purpose of determining the issue, the appellants' sewing machine, Jamome Sewing Machine, with the appellants' trade mark was marked as P1, whereas the respondent's sewing machine, 053317, was marked as D2. It would then be a matter for the parties at the trial to prove whether D2 is for industrial or domestic use. If the appellants' succeed in proving that D2 is for domestic use, then there would be an infringement of the appellants' trade mark. However, if it is shown by the respondents that D2 is for industrial use, then there would not be any infringement.

Each party called one witness only, quite apart from relying on certain documents. The appellants called Roslan bin Yusof, a senior assistant director of customs, from the Customs Headquarters, Kuala Lumpur. Roslan is from the Classification Branch. He had 22 years service with the Customs Department. The respondents called one Hiroshi Oda, the Managing Director of Pegasus Sewing Machine Pte Ltd of Singapore. He is also a director of Pegasus Sewing Machine Manufacturing Co Japan Ltd.

After hearing the parties, the learned judge ruled that D2 was for industrial use and hence there was no infringement. He accordingly dismissed the motion with costs. Hence this appeal.

The following facts are not disputed.

The appellants are the registered proprietors of the trade mark M/34543 in relation to 'Flying Horse' in respect of sewing machines (P1) for domestic use under the Act.

Pegasus Sewing Machine Mft Co Ltd of Japan is the registered proprietor of trade mark M/83718 in relation to the 'Flying Horse' in respect of sewing machine (D2) for industrial use under the Act. Trade mark M/83717 is in relation to 'PEGASUS'.

The first respondent is the importer of sewing machines (D2) from Pegasus Japan, and the second respondent is in the marketing company for D2s imported by the first respondent. The learned judge, with respect, wrongly referred to the first respondent as the registered proprietor of trade mark M/83718 in relation to D2 in his judgment.

As agreed, it is common ground that the trade marks M/34543 and M/83718 bear the same device 'Flying Horse', except that P1 is for domestic use whereas D2 is for industrial use. As stated earlier, the issue for determination by the court was whether D2 was for domestic or industrial use.

The issue

The learned judge in his judgement essentially preferred the evidence of Hiroshe Oda (DW1), the witness for the respondents, as opposed to the evidence of Roslan bin Yusof (PW1), the witness for the appellants and proceeded to state that the evidence of DW1 went unchallenged by the appellants.

The counsel for the appellants contended that the learned judge erred in finding that D2 was for industrial use only when it was supported by the evidence. The counsel relied on the following grounds:

(a) PW1 was an independent witness and he proceeded to adduce evidence on the classification of sewing machines like D2 as being classified for domestic use. PW1 further went on to say that under the Harmonised Commodity Description and Coding System, s XVI, 84.52, D2 is for domestic use. Further, under s XV73.23, household goods for household purposes and include the same goods for use in hotels, restaurants, boarding houses, hospitals, canteens and barracks.

In addition, PW1 tendered his written explanation ((exh P3) p 41 of the appeal record). PW 1 concluded thus:

> 2.3 Oleh yang demikian adalah diputuskan bahawa kesemua tiga (3) model mesin jahitan 'MAMMYLOCK' ini adalah mesin jahitan jenis 'household' di bawah Nombor Kod R 452.10000 Perintah Duti Kastam 1996.

PW1 was asked only one question under cross-examination by counsel for the respondents, that is by referring him to that customs declaration form that the first respondent declared the machine like D2 for industrial use and it was confirmed by PW1.

In our view, merely declaring machine like D2 for industrial use was insufficient to rebut the evidence of PW1 as PW1 should have been asked to explain whether the declaration was rightly made or not in view of PW1's own domestic or household use.

(b) There was overwhelming evidence through the catalogue and the instructions (exhs P5 and P6) belonging to DW1's company that D2 which was imported into Malaysia was designed and manufactured for

household use only or for home sewing (see pp 116 and 245/246 of the appeal record). A

(c) The learned judge misdirected himself by going beyond the agreed issue for his determination.

Counsel for the appellants further submitted that the learned judge should have treated the evidence of DW1 with caution, as he was definitely an interested party as opposed to PW1, who was an independent witness. Further, the telling evidence of P5 and P6 clearly demolished the evidence of DW1 that D2 was for industrial use. The respondents should have called an independent expert witness on sewing machines to show that D2 was for industrial use only. Therefore the issue of the evidence of DW1 went unchallenged, as held by the learned judge, would be of no consequence. B C

Having examined the grounds of judgement of the learned judge and considering the submission of counsels for both parties, we agreed with the counsel for the appellants that the learned judge had fundamentally misdirected himself, inter alia, on the following grounds: D

(i) he did not at all consider or give sufficient consideration to the effect of P5 and P6 on the weight to be given to the evidence of DW1 who was an interested witness. In fact, P5 and P6 destroyed the respondents' case.

(ii) he did not give sufficient weight to the evidence of PW1 except to say that it was not supported when in fact PW1's evidence, both oral and in writing, was not challenged at all by the respondents except to get confirmation of PW1 on the declaration form that D2 was declared for industrial use. E

(iii) his finding that the use of the word 'PEGASUS' with the 'Flying Horse' devise mark would cause no confusion and, there would be no infringement was unsustainable as it was agreed between the parties that the common issue was whether D2 is for domestic or industrial use in order to determine whether there was an infringement by the respondents of the mark 'Flying Horse'. F

It is trite law that an appellate court will not readily interfere with the findings of fact arrived at the trial court to which the law entrusts the primary task of evaluation of evidence. However, the appellate court has a duty to intervene where a trial court has so fundamentally misdirected itself and asked the correct questions would have arrived at the same conclusions. (see *Sivalingam a/l Periasamy v Periasamy & Anor* [1995] 3 MLJ 395). G

As we have stated earlier, the documentary evidence itself went against the oral evidence of the respondents' witness (DW1), and therefore it was impossible to support the conclusion reached by the learned judge (see *Kim Guan & Co Sdn Bhd v Yong Nyee Fan & Sons Sdn Bhd* [1983] 2 MLJ 8). H

For the reasons stated, we agreed with counsel for the appellants that the judgement of the learned judge could not be supported. We allowed the appeal with cost and ordered the deposit to be refunded to the appellants. I

The order of the learned judge was set aside. We made an order in terms of the originating summons filed by the appellants.

Appeal allowed.

Reported by Jafisah Jaafar